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REF: MFR dtd 19 July 76 fr AD/DCI/IC (DDA 76-3593).			
Attached is the OMB letter on Presidential Management Initiatives the substance of which was discussed in Reference.			
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237

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Att: DDA 76-3849 - Multiple adse memo dtd 27 July 76 fr D/OMB;
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DD/A Registry

76-6236

15 DEC 1976

Mr. Donald G. Ogilvie
Associate Director for National
Security and International Affairs
Office of Management and Budget
Washington, D.C. 20503

Dear Don:

Enclosed are three copies of the Management Plan that comprises
CIA's part in implementing the Presidential Management Initiatives. CIA
managers welcome the opportunity to provide assistance to the incoming
Administration by summarizing in this Plan the issues that now face them.

Sincerely,

[Redacted Signature]

James H. Taylor
Comptroller

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Enclosure

Distribution:

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AGENCY MANAGEMENT PLAN

INITIATIVE: 1

TITLE: Decisionmaking and Departmental Organization

DEPARTMENT/AGENCY: Central Intelligence Agency

RESPONSIBLE OFFICIAL: James H. Taylor, Comptroller TELEPHONE:

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I. Policy Analysis Staff

Determine extent to which there is a unit available to assist the agency head in carrying out the functions listed in the Summary Sheet (Issue 1, Item A); and report to OMB on steps taken to establish or upgrade such a unit.

These functions are vested in the Comptroller, who reports directly to the Deputy Director of Central Intelligence.

II. MBO Program

Review agency objectives for possible improvement and include those necessary to carry out actions directed by the President.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Directorate Submissions	6 September 1976	Completed.
b. DDCI Review	22 September 1976	Done.
c. Provide to OMB Examiner	27 September 1976	Postponed to coincide with OMB examiner's review of FY 1978 budget. Objectives for 1977 and 1978 provided to OMB on 4 October 1976. Further details transmitted to OMB examiner 15 October 1976.

Statement of Missions and Functions

A. The Central Intelligence Agency was established under the authority of the National Security Act of 1947 and the Central Intelligence Agency Act of 1949. The Agency functions under the direction of the National Security Council. The charter legislation charges the CIA to:

- advise the National Security Council in matters concerning such intelligence activities of the Government departments and agencies as relate to national security;

- make recommendations to the National Security Council for the coordination of such intelligence activities of the departments and agencies of the Government as relate to the national security;
- correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government using where appropriate existing agencies and facilities: Provided, That the Agency shall have no police, subpoena, law-enforcement powers, or internal-security functions: Provided further, That the departments and other agencies of the Government shall continue to collect, evaluate, correlate, and disseminate departmental intelligence: And provided further, That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure;
- perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally;
- perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.

This broad charter and subsequent directives of the National Security Council have established collection of foreign intelligence and counter-intelligence abroad, analysis and production of finished intelligence, and covert action in support of national and strategic policies as the missions of the Central Intelligence Agency.

B. Specific functions to carry out these missions were most recently defined in Executive Order 11905 issued on 18 February 1976. The functions are:

- Produce and disseminate foreign intelligence relating to the national security, including foreign political, economic, scientific, technical, military, sociological, and geographic intelligence, to meet the needs of the President, the National Security Council, and other elements of the United States Government.
- Develop and conduct programs to collect political, economic, scientific, technical, military, geographic, and sociological information, not otherwise obtainable, relating to foreign intelligence, in accordance with directives of the National Security Council.

- Collect and produce intelligence on foreign aspects of international terrorist activities and traffic in narcotics.
- Conduct foreign counterintelligence outside the United States and when in the United States in coordination with the FBI subject to the approval of the Attorney General.
- Carry out such other special activities in support of national foreign policy objectives as may be directed by the President or the National Security Council and which are within the limits of applicable law.

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- Carry out or contract for research, development, and procurement of technical systems and devices relating to the functions authorized in this paragraph.
- Protect the security of its installations, activities, information, and personnel. In order to maintain this security, the CIA shall conduct such investigations of applicants, employees, and other persons with similar associations with the CIA as are necessary.
- Conduct administrative, technical, and support activities in the United States or abroad as may be necessary to perform the functions described in the subparagraphs above, including procurement, maintenance, and transport; communications and data processing; recruitment and training; the provision of personnel, financial, and medical services; development of essential cover and proprietary arrangements; entering into contracts and arrangements with appropriate private companies and institutions to provide classified or unclassified research, analytical and developmental services, and specialized expertise; and entering into similar arrangements with academic institutions, provided CIA sponsorship is known to the appropriate senior officials of the academic institutions and to senior project officials.

Management by Objectives: DDCI Objectives for 1977 and 1978

A. Objective 1: (Relates to Function 1)

Improve our ability to interpret policy-makers' and other consumer needs and understand how well our products are meeting those needs.

- This objective subsumes inquiries into several questions that concern the range of substantive intelligence products

and consumers. Mr. Stevens, the DDI, is the action officer directing several studies. One is due for review by the Executive Advisory Group (EAG) by October 14, 1976. Three others are due to be reviewed by the EAG by February 1, 1977. Mr. Stevens will be supported by elements of the Intelligence Directorate, the Science and Technology Directorate, the Congressional Liaison Officer, and the National Intelligence Officers, as appropriate. Each study is likely to generate subsequent implementing actions.

B. Objective 2: (Related to Functions 2 and 7)

Determine for the future those satellite and other collection systems that will be required to meet our day-to-day intelligence production needs, our crisis needs, and, given the technological advancement of target nations, [REDACTED]

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- Action under this objective has been assigned to the Science and Technology Directorate and the Intelligence Directorate with assistance from the staff of the Office of the Comptroller. By December 1, 1977 they will provide the Executive Advisory Group with a systematic and integrated evaluation of the information requirements in the 1980s that will drive development of collection means to satisfy those requirements.

C. Objective 3: (Relates to Function 1)

Institutionalize within CIA a means to ensure adequate consideration of alternate hypotheses having a low probability of being correct but having so significant an impact it true that they must be brought to the attention of policy-makers.

- By March 1, 1977, the Executive Advisory Group expects to have the recommendations of the Intelligence Directorate, the Science and Technology Directorate and the National Intelligence Officers for implementing this objective. Implementation itself will extend at least into 1978.

D. Objective 4: (Relates to Function 1)

Reconsider the proper scope and emphasis of our substantive product.

- On November 11, 1976, the Executive Advisory Group reviewed recommendations for the best balance of in-depth analysis and current reporting by the Intelligence Directorate, taking into account the results of a study prepared by [REDACTED] on the organizational arrangements that most efficiently support meeting substantive requirements.

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E. Objective 5: (Relates to Function 1)

Ensure that our basic research capabilities are maintained and our data bases updated and revitalized while increasing emphasis on timeliness of responses to the immediate demands of policy-makers.

- This objective is closely allied to Objective 4, as are the means to meet it. Work has been assigned to the production offices in the Intelligence and Science and Technology Directorates, and an initial review by the EAG took place on November 11, 1976.

F. Objective 6: (Relates to Function 2)

Define the Agency role in SIGINT programs.

- A SIGINT Task Force was formed in July 1976 with representation from the two Directorates active in SIGINT collection. The EAG meets monthly on this subject; all work is to be completed by about February 1, 1977. (Details of this study can be found as Item B of Efficiency Evaluations, Initiative 2.)

G. Objective 7: (Relates to Function 9)

Make our legitimate financial and personnel cover arrangements more secure and beyond compromise.

- Staffs of the Operations and Administration Directorates are preparing proposals for consideration by the Executive Advisory Group. Their reports are due by April 1, 1977; these proposals will lead to changes to be implemented during 1978.

H. Objective 8: (Relates to Function 9)

Improve our system of management review, establishing regulations and guidelines that will enable us to accommodate the demands of unusual operations, in order to protect our integrity and maintain our effectiveness.

- The General Counsel has been charged to present proposals regarding internal regulations, guidance, periodic review by the Inspector General, regular reporting, and management review. The task is to be completed by February 1, 1977, with the EAG to direct subsequent steps in the process.

I. Objective 9: (Relates to Function 9)

Improve our personnel management practices and equal employment opportunity performance in the areas of hiring, career development and training, reward for excellence, and retirement and separation.

- Basic questions about personnel management are being addressed by the Administration Directorate, assisted by other directorate staffs as needed. An interim report is scheduled for review

by the Executive Advisory Group by October 20, 1976. In addition, the DDCI has instituted a requirement for quarterly reporting from each directorate on EEO performance.

J. Objective 10: (Relates to Function 9)

Improve the perceived status of personnel in service versus production or collection elements.

- The Administrative Directorate will take the lead in preparing studies that are due to the Executive Advisory Group by March 1, 1977.

K. Objective 11: (Relates to Function 9)

Review and improve the design of all current Agency training programs such that they augment the skills and capabilities of those in critical segments of the Agency.

- The Administration Directorate bears primary responsibility for a thorough review of all phases of training, with an initial report due to the Executive Advisory Group by January 1, 1977.

Note: An objective relating to reduction of time required to process new recruits has been removed from the list of DDCI Objectives. The effort is still being pursued at the office level.

Management by Objectives: Processes and Procedures

A. The Central Intelligence Agency is affected by two separate, but related MBO or MBO-like processes. The first is a Community process which produces the Community's objectives: the second is the MBO process that is part of the Agency's internal management system.

B. The Community's objectives are a combination of management and substantive objectives, are few in number, and rather broad in scope. Periodically, they are discussed with and reported on to OMB and the White House. Their impact on the Agency has been primarily on senior management. Key Intelligence Questions are an expansion of the substantive objectives, and reflect the most important subjects and most critical gaps in intelligence. The Key Intelligence Questions have had considerable impact on the operating units of CIA and are reflected widely in their objectives.

C. Management by Objectives was introduced into the Agency's management system during fiscal 1973. During the first two annual cycles in MBO, the DCI formulated objectives for each of the directorates which were elaborated throughout the Agency in letters of instruction to all employees. The first set of objectives were few in number and reflected those activities to which the DCI attached greatest importance. Performance against the

DCI's objectives was measured semi-annually or more often at the directorate level: DCI evaluation occurred mainly but not exclusively during the annual Program Review.

D. The philosophy underlying the early application of MBO was that its use in the Agency had to be flexible, that the unique characteristics of the directorates argued against imposition of a uniform, rigid system. Objectives at the directorate level and at the office or division level reflect this philosophy, but even so the systems that have evolved in the directorates are quite similar. The Administration Directorate, the Intelligence Directorate and the Science and Technology Directorate use selective approaches. Their objectives are designed to identify problems, focus efforts, and improve lines of communications. The Operations Directorate, in contrast, explicitly tied its system to the allocation of resources, developing objectives that are broad and encompass all of its activities.

E. During the Program Review in July 1975, a number of issues or problems were identified for each of the directorates. The issues were incorporated into letters of financial guidance from the DCI to each deputy director and in effect became DCI objectives. A similar procedure occurred this year during the Program Review conducted by the DDCI. Action items arising out of the Program Review and objectives supporting the goals established by the DDCI drawing from all elements of the Agency, have been cast into the Management by Objectives framework and now comprise the agenda for the Executive Advisory Group which the DDCI selected as his vehicle for total resource management of the Agency. The innovation of letters of financial guidance by first the DCI and then repeated by the DDCI has tied Management by Objectives to the resource allocation process. This development has not altered the processes followed at the directorate level or below: objectives continue to serve intra-directorate as well as Agency-level bases for evaluation of performance and for resource planning.

III. Decisionmaking

Develop and utilize checklist approach to decisionmaking.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Distribute OMB Guidance	15 August 1976	Proposed checklist discussed by Comptroller with DDCI and four Deputy Directors on 18 August; OMB guidance on checklist sent to meeting participants same day.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
b. Review usage and utility	14 October 1976	Usage and utility of decision-makers' checklist approach was reviewed at the morning meeting of senior Agency managers. There was general agreement that the approach, somewhat modified for the unique requirements of the Agency, added a useful dimension to other aspects of the decision-making process.

IV. Organizational Review

A. Review current staffing patterns and organizational structures to identify unnecessary position layering and excessive organizational subdivisions.

During the past several months, the Central Intelligence Agency has begun to make organizational changes to implement Executive Order 11905 issued by President Ford in February 1976. Responsibility for day-to-day operations of the Agency is now assigned to the Deputy Director for Central Intelligence who has begun a sweeping review of all phases of the Agency's work. To help him in this review, the DDCI has drawn his senior managers into an Executive Advisory Group which has set for itself the task of devising the best use of Agency personnel resources. One vehicle that the EAG has chosen is a personnel inventory which will be conducted in the next six months and will, inter alia, identify unnecessary position layering and "assistant to" positions. First steps in this process have already been taken and are described in detail in Issue 5, Item III., Position and Clarification Management. /

B. Develop plan to consolidate sub-units.

1. The EAG is currently reviewing many aspects of the organizational structure of the Central Intelligence Agency and consolidation of sub-units will be one of the options to be considered under this rubric. Two major reorganizations have already been approved and are underway; one in the Operations Directorate and the other involving the Intelligence and Science and Technology Directorates.

2. The reorganization in the Operations Directorate was begun in 1976 and will continue into fiscal 1978 to accommodate the reduction in personnel levels directed by Congressional action on the 1977 budget. As a result of streamlining of the Operations Directorate as well as the regular processes that evaluate components' performance (see items D and E under Initiative 2, Efficiency Evaluations), consolidation of sub-units will occur.

3. The second reorganization includes the transfer of two offices from the DDS&T into the DDI and one office from the DDI to the DDS&T. While the chief motivation for these shifts was to group together offices with

similar functions, a considerable amount of internal restructuring will also take place. For example, the DDI reorganization includes consolidation of production support sub-units as recommended in the efficiency evaluation described as item C under Initiative 2. Another feature of the DDI reorganization is consolidation of analytical units by elimination of layers of review--at the branch level in some cases and at the division level in others.

C. Establish procedures to ensure at least agency deputy level review of proposals to create new subdivisions and "assistant to" positions.

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CIA Headquarters Regulation [] reads as follows:

Each Deputy Director is responsible for implementing the provisions of this regulation within the area of his jurisdiction and will...present proposals for significant organizational changes...to the Director for approval. Proposals should be forwarded, with appropriate justification through the Comptroller. (Significant organizational changes include such actions as the establishment or closure of a station or base [and] the transfer of a major function from one component to another.)

The Comptroller will review proposals for significant organizational changes...which have budgetary, manpower, or program implications among two or more directorates and submit appropriate recommendations to the Director.

INITIATIVE: 2

TITLE: Evaluation of Current Programs

DEPARTMENT/AGENCY: Central Intelligence Agency

RESPONSIBLE OFFICIAL: James H. Taylor, Comptroller TELEPHONE: []

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I. Policy and Evaluation Unit

A. Responsibility is vested in the Comptroller of the Central Intelligence Agency.

B. Identification of Programs for Review

1. Evaluation is a regular feature of the annual budget process engaged in by the Central Intelligence Agency. Each component evaluates itself in the first instance, noting its performance against the objectives and plans made for the fiscal year that is ending. When shortfalls are noted, efficiency evaluations or performance evaluations are done to identify why deviations from desired courses of actions occurred and to remedy any deficiencies. Examples of this process are described below--particularly the review of stations [] and the on-going program to evaluate contract translators.

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2. The evaluation process tied to the budget process operates at the directorate level as well: an example of an evaluation arising from directorate review is the review of [REDACTED]

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[REDACTED] Agency level review can be touched off by the annual program review or, in the case of the SIGINT study now in progress, by oversight bodies. Responsibility for conducting evaluations is vested in the top level of Agency management and may be assigned to the Requirements and Evaluation Staff of the Office of the Comptroller, the Inspector General or the Audit Staff depending on the nature of the program to be evaluated.

3. The ultimate objective of all evaluations is to determine the value of the intelligence product to the consumers whether they be analysts needing new information to close intelligence gaps or the policy-makers who are the most important consumers of finished intelligence. In the process, questions are asked about how well the job has been done, whether there is a genuine need to continue, or if adjustments in taskings, priorities or methods are required. Since assessments and evaluations serve a variety of purposes and involve numerous organizational components, several methodologies are used depending on the collection activity being examined, availability of data, time constraints, and the intended use. As a result of evaluations process, a program may be expanded, curtailed or cancelled.

C. Examples of Evaluations

[REDACTED]

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<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Begin DDO and DDS&T reviews	1 August 1976	
b. Begin DDI and DDA reviews	15 August 1976	
c. Complete component reviews	1 November 1976	Reviews complete.
d. Complete study	30 November 1976	Report being drafted.

B. SIGINT Study (began 9 August 1976)

Because the OMB and the House Appropriations Committee have suggested that more of the US SIGINT program should be consolidated under a single manager, the Central Intelligence Agency has assigned a task force to study its SIGINT missions and to develop recommendations concerning the consequences of consolidating the program. The study will detail the SIGINT missions the Agency is required to do, those it is uniquely capable of doing, and those which it does but which can be done by other agencies. The study will develop estimates of potential costs and savings resulting from transfer of missions to consolidate the program.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Draft interim response on HAC team report	30 August 1976	Report completed.
b. Coordinate response with IC Staff and NSA	30 September 1976	Coordination completed.
c. CIA position paper to be complete	12 November 1976	Deadline set by Executive Advisory Group, to dovetail with need to develop joint CIA/NSA paper by 1 January 1977.

C. Production Support Activities (began 15 September 1976)

A DDI Production Support Task Team was established to evaluate the centralization of the Directorate's production support functions in one component as a means of improving product quality/uniformity and for possible resource savings. Because a study about reorganization of the production offices contracted to [] was due in November, the report on the impact of consolidation of production support activities has been scheduled for October.

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<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Organize meetings		Meetings held. Terms of reference accepted. Research assignments made. Data gathered by committee on word processing. Report drafted.
b. Submit report to DDI	1 October 1976	Report submitted recommending consolidation. Reorganization of the Directorate in November and December includes consolidation.

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<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Study initiated to determine if efforts should or could be made to improve productivity or whether one or more should be closed.	1 July 1976	Study began on 1 July 1976 and in progress. Initial findings presented at Division level.
b. Forward report to DDO	1 December 1976	To be included in participation in Congressional budget exercise.

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<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
Study initiated to identify subjects and topics covered by both systems and to develop recommendations to eliminate needless redundancy, and to strengthen areas of unique reporting.	1 October 1976	Study in progress.

F. Alternative Data Processing Equipment (began 1 July 1976)

Currently, large scale computer systems are used in a central computer facility to provide computer services to a wide range of applications and users throughout the Agency. Many of the applications can be classified as information storage and retrieval applications. Information storage and retrieval systems have much commonality in the functions that are performed and the ADP techniques that are used to accomplish these functions. When large centralized computers are used for these applications, service to the customers is affected by competition for computer resources, interaction among applications which can slow down response time to one or more users, and occasional system outages. In this study, to be done partly by a contractor, we have selected an appropriate application involving a data base containing information on Special Clearances. Data will be converted for use on a minicomputer, programs will be prepared, and operational tests will be performed and evaluated to determine if the minicomputer can provide greater reliability (i.e., less downtime from system failure) and more effective response time for storage and retrieval functions at less cost.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Complete review current methods for processing the application.	31 July 1976	Review completed. The current system (computer programs and operating procedures) has been examined in detail.
b. Complete conversion of current data base to suitable form for use with minicomputer.	31 October 1976	An unclassified subset of the data base was created and loaded into the mini-computer. This data base is now operational. The physical capability of the minicomputer's disk storage

has been reached. Thus, if it were decided (after this test) to use the minicomputer for this particular application, it would be necessary to acquire additional disk storage to accommodate the full data base.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
c. Complete application programs for minicomputer	30 November 1976	The basic application programs to handle all queries are complete. However, it is clear that it would not be practical to produce lengthy monthly reports and certain other large file maintenance processes that are related to this particular application using only the minicomputer. A feasible solution would be to use the minicomputer as a distributed processor for the daily functions of entering data and querying the file, and to call upon a central computer for producing monthly reports.
d. Complete operational tests of minicomputer and application programs	31 December 1976	
e. Complete <u>evolution</u> and study report	31 January 1977	

G. Component-Conducted Training

All training activities in the Agency, whether under the direction of the Office of Training or by components, are being reviewed by the Audit Staff to determine possible duplication, opportunities for combining similar courses, and the efficiency of methods used to determine training requirements.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Initiate studies	15 November 1976	Underway.
b. Report to DDCI	1 January 1977	

II. Survey of Applicant Processing Data Controls (began 2 August 1976)

A feasibility study is being conducted to determine the efficiency and effectiveness factors of using the computer to control applicant files, to include reporting and summarizing data on numbers of files, movement of files, length of time in process, EEO reports and the disposition of files. The study will include the exploration of high-speed word processing equipment to reduce personnel costs and to improve service to applicants.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Conduct feasibility study	30 September 1976	Completed
b. If feasible, explore: (1) Computer hardware (2) Available prepackaged programs		30 November 1976
c. Explore high-speed word processing equipment		
d. Assuming the study results are positive, the following milestones will be implemented		
e. Secure and install equipment and software		
f. Training employees		
g. Implement new system	September 1977	

I. Evaluation of Contractor Translators (an on-going program)

Quality Control Guidelines set standards and procedures for initial language testing, test grading and periodic performance and skill evaluation of all contract translators. Every translator is reevaluated annually, on language skill and volume of work. A substantive officer from a relevant production office participates in the evaluation. Ratings are on a scale of 1 (low) to 5 (high). Ratings determine rates of payment and work flow and also provide a mechanism for weeding out poor performance. As a result of evaluations during 1976, 15 contracts were cancelled.

The system assures that only qualified translators are offered contracts, that they are paid fair rates (based on regular checks with the translation market), and that performance continues at acceptable levels of competence. Participation in the evaluation system by substantive officers assures that the production offices are satisfied that they are receiving quality products. This is a program that continues year-round.

J. Efficiency and Productivity of Photo Laboratory

An outside contractor was commissioned to study all aspects of current operations and recommend improvements in procedures for processing photographic materials.

The contractor submitted his report in November. The results are to be evaluated before the end of 1976, and recommendations will probably be implemented during FY 1977.

INITIATIVE: 3

TITLE: Reduction in the Burden of Federal Reporting and Regulation

Not applicable to CIA. No further reporting required.

INITIATIVE: 4

TITLE: Contracting Out and Holding Down Overhead Costs

DEPARTMENT/AGENCY: Central Intelligence Agency

RESPONSIBLE OFFICIAL: James H. Taylor, Comptroller TELEPHONE:

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I. Contracting Out

Security and time constraints severely limit CIA's freedom to contract with the private sector. Nevertheless, CIA does use the private sector for many services such as:

- development of computer software and hardware;
- technical support to computer systems;
- computer training;
- testing of out-of-town personnel applicants;
- acquisition and maintenance of communications equipment;
- development and manufacture of intelligence collection equipment;
- comparative analyses of foreign weapons capabilities;
- security testing of communications equipment; and
- production of shielded enclosures.

As new projects or programs arise, determinations are made whether contracting can and should be used to achieve efficiency and economy. And on-going programs are reviewed periodically to determine whether contracting should be introduced or expanded. For example:

- Several years ago a study was done to see if commercial bus service would meet CIA's need for transportation within the Washington area more economically than the Agency's shuttle

bus service. We found that the cost of commercial service (five buses for a normal workday) was greater than the total costs associated with the five vehicles in use, the salaries of drivers, and the costs of vehicle replacement and maintenance.

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--During 1975 a study was done on the cost of having GPO, or a contractor working through GPO, [] rather than doing the job in CIA printing facilities. We found that we do the job with fewer people than GPO or contractors would have assigned to the job.

--In December 1975, the Office of Security conducted a limited study concerning the cost factors of commercially contracted security investigations. The Office of Security researched the cost factors associated with the maintenance of the current investigative capabilities and those projected under commercially contracted investigations. In short, this study determined that the in-house investigations cost appreciably less than would commercially contracted investigations.

--The Office of Security also considered the feasibility of using a contract guard service. For CIA, however, this appears impractical. There are legal barriers; contract guards would lack arrest power and would be prohibited from carrying firearms in some jurisdictions. And using contract guards would pose special security hazards; for example, a change of contractors would force a wholesale turnover of the guard force that would involve a monumental investigation, clearing and polygraphing task.

II. Overhead Costs

A. Overhead Costs Identification System

Overhead costs are routinely recorded and monitored through the budgetary system of financial reporting, approvals and controls administered by the CIA Comptroller. Agency-wide analyses, including analyses of overhead costs, are performed as required by the Resources Staff of the Office of the Comptroller. Further support to the Comptroller is provided by analyses of costs of support services done by each functional component responsible for delivering that service. Management of such services is located within the Administration Directorate. The following are just a few examples of such overhead cost analyses. The Contract Review Board in the Office of Logistics has responsibility for contract management of purchase orders and contracts for supplies and services. The Office of Data Processing serves as the Agency's focal point for review (including cost-benefit analysis of alternatives) and coordination of all automatic data processing acquisitions originating with other Agency components. In the case of GSA-provided services, the Real Estate and Construction Division of the Administration Directorate is the central point for analysis and verification of Standard Level User Charges as they apply to CIA headquarters and to field locations throughout the US.

B. Travel

1. Identify areas for improvements as a result of the review of FY 1976 reports of travel savings and accomplishments; and indicate steps to be taken for improvement.

2. The Agency has a Travel Policy Committee which serves as a focal point within the Agency for making recommendations for changes in Agency travel policy and for coordination of travel regulations. Among the stated responsibilities of this Committee is the evaluation of Agency travel policies to improve efficiency, reduce costs, and facilitate equity and consistency in the execution of travel policy and regulations. Additionally, as required by OMB Bulletin 76-9, the Agency published a notice [] Attachment B) to reemphasize the continuing need for avoiding nonessential travel. CIA travel costs will be reviewed by the OMB examiner in the course of the budget review. Attached is a report of FY 1976 travel costs and savings--Attachment C.

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3. The following are methods and procedures that will be taken during 1977 to minimize travel costs and eliminate nonessential travel:

--Overall management of travel by Agency employees:

- o the Travel Policy Committee will review and evaluate Agency travel policies to improve efficiency, reduce costs, and facilitate equity and consistency in the execution of travel policy and regulations;
- o each authorizing official at the component level has reviewed annual travel plans and will during the year evaluate individual travel requests to determine the need for travel, alternatives to travel, the most economic means of travel, and the duration of time a traveler spends at the destination; and
- o all travel will be authorized within the policies of Agency notice [] disseminated in February 1976 and the guidelines of OMB Bulletin No. 76-9, Supplement No. 2, Methods and Procedures for Curtailing Official Travel and Reducing Travel Costs.

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--Measures to be taken in addition to the above:

- o monthly reviews of upcoming travel will be held by authorizing officials to revalidate travel requirements and eliminate non-essential travel;

- some recruiting activities, investigation of some Equal Employment Opportunity complaint cases, as well as counseling by EEO officers may be conducted over open or secure telephone lines rather than by travel;
- commensurate with legal, operational and security requirements, EEO counseling will be conducted by in-country counselors;
- to the extent feasible, lengths of tour for overseas stations will be examined for extension beyond two years;
- approval of two consecutive tours of duty with home leave to reduce costs associated with permanent changes of station will be considered;
- in selected cases, employees may be authorized to proceed from one permanent change of station assignment to the next without reporting to headquarters for administrative processing or training;
- compact car rental policy will be strictly enforced;
- maximum use will be made of GSA-sponsored car rental facilities;
- student group travel will be reviewed to ensure that it is essential to the completion of a course or seminar and has as its destination a location as close as possible to where the course is being conducted;
- when possible, manufacturer or contractor instructors will be brought to the headquarters area to teach, thereby saving the cost of sending several employees on temporary duty to the instructor's place of business for instruction; and
- more self-administered training courses will be designed for use by employees overseas, thereby reducing temporary duty travel to headquarters for training.

C. ADP Practices

During FY 1977 CIA plans to initiate additional procedures to improve upper-level management control of the many requirements being placed upon the Agency's central ADP facilities, administered by the Office of Data Processing (ODP), to keep these requirements within the bounds of ODP resource limitations. It is intended that Agency components requiring the use of ODP resources will make their requests within "service-unit" ceilings which their Directorates will have arranged with ODP in advance, under the authority of the Comptroller.

D. Cash Management

Not applicable to CIA. No further reporting required.

E. Reproduction Equipment

1. List actions taken or proposed to require more efficient use of reproduction equipment and maximize centralized field duplication services.

2. The Central Intelligence Agency already has a centralized system of control over reproduction equipment. The Systems Staff of the Printing and Photography Division within the Administration Directorate receives and technically reviews all requests for copier equipment, either rental or purchase. Requests must be approved before the purchase or rental is made. The Printing and Photography Division also maintains a master file of information on all copying machines by type of machine and by user office, and a review is made quarterly to determine when replacement by a smaller or larger machine is indicated. Monthly readings of the meters on reproduction machines are monitored to determine whether a particular machine is being used within its volume specifications. When a machine is not adequate to its users' needs, recommendations for replacement are made--bearing in mind new developments in the reproducing machine market, purchase prices or rental costs, and the capabilities of particular reproducing machines.

F. Audiovisual Activities

1. (DOJ, DOT, DOD, HEW.) Report to OMB on audiovisual facility elimination and consolidation plans. (Agency heads review prior to submission.)

2. Prepare detailed plan to (1) review existing facilities with the purpose of eliminating or consolidating when possible; (2) establish control to prevent the acquisition of unnecessary equipment and supplies; (3) use existing government-owned films, etc., in lieu of new acquisitions; and (4) increase reliance on private sector for audiovisual services.

3. CIA has only minor audiovisual facilities. Activities consist largely of the preparation of training aids for operators of highly classified equipment and briefing aids on substantive intelligence matters. Widespread use is made of films from other government agencies and from commercial sources. The Agency relies on facilities of the Department of Defense and NSA for any other extensive audiovisual work. No further reporting is required.

G. Telephone Equipment and Usage

1. Review existing equipment and usage and report to OMB on steps taken/proposed and savings achieved/expected.

2. The CIA Telephone Facilities Branch used 12 leased Wide Area Telecommunications Service (WATS) lines for operator-assisted long distance telephone calls resulting in a savings of approximately \$149,057 over regular commercial rates during FY 1976.

3. On 1 June 1976, customer dial access to WATS was activated. We are optimistic that this venture will result in substantial cost savings in FY 1977. A goal of reducing non-published telephone lines by 100 has been established. In addition, the remaining nonpublished telephone line users are being encouraged to utilize WATS for their outgoing calls which can be accomplished without security ramifications.

4. When the telephone system was installed in a newly-occupied building, a dial intercom system was ordered in lieu of the manual intercom-buzzer system which resulted in an annual recurring savings of \$6,500 and a one-time installation savings of \$7,200.

5. A practice of informing customers of the dollar costs for requested telephone changes was implemented and this has resulted in customers selecting less costly methods of meeting their needs for telephone service changes. In FY 1976, this resulted in savings of \$12,500.

6. Proposed steps to achieve savings in telephone equipment and usage in 1977.

--To make employees more aware of the costs of leasing of telephone facilities, Agency notices will be published highlighting the charges involved with providing the following services: installation and relocation of telephone instruments and lines; dial "9" local calls; Wide Area Telecommunications Services (WATS); and non-published telephone service.

--To determine if items of equipment and facilities may be surplus to our needs, the Chesapeake and Potomac Telephone Company will be asked to conduct traffic studies of main and satellite switching facilities. Providing satisfactory service can be maintained, surplus equipment will be discontinued.

---All invoices for non-published telephone long-distance calls will be monitored to ensure that non-published lines, which are more expensive than WATS facilities, are used only for cover purposes.

---Administrative and support officers will conduct surveys of their divisions and staffs to identify items of telephone equipment and facilities that are surplus and can, therefore, be discontinued.

H. Mailing Practices

1. Issue instructions on the most economical utilization of available services (based on NARS guidance).

2. Not applicable to CIA. No further reporting required.

I. Office ~~OF~~ Other Space

1. Review present space utilization and submit plans to GSA to assure per person square footage of space is kept to a minimum.

25X1 25X1A [redacted] square feet is devoted to office space, averaging 129 square feet per person. This compares with the following figures reported by other Government agencies:

OMB	226 square feet per person
GSA	189 square feet per person
NASA	186 square feet per person
State	181 square feet per person
ERDA	168 square feet per person
DoD	143 square feet per person

3. GSA standards range from 60 to 300 square feet per person, depending on grade.

J. Records Storage

1. Dispose of or retire records to storage in accordance with records control schedule.

2. The Records Disposition Program of the CIA provides for the systematic removal of inactive records from office space and for the preservation and/or disposition of records as prescribed by the Federal statutes and Agency policies.

3. All records in the offices are identified and evaluated in order to determine which records need to be preserved, which may eventually be destroyed, and the retention periods necessary to meet those needs. Evaluations of the records are based on future needs; there are four basic evaluations: administrative, fiscal, legal, or historical value to the creating or using office, other Agency offices, the entire Agency, other Federal agencies, the entire Federal Government, business or other private organizations, or private individuals.

4. From this identification and evaluation a Records Control Schedule is prepared to provide for a systematic and timely disposition of record and non-record material. It encompasses permanent and temporary preservation and prescribes destruction within the office area, transfer to another component, and transfer to the Agency Records Center or the Agency Archives. These Records Control Schedules are then submitted to the National Archives and Records Service for appraisal and approval by the Archivist.

5. It should be noted that the Agency was under a moratorium until 10 December 1976 on the destruction of records invoked by Senators Scott and Mansfield in a letter to Mr. Colby, Director of Central Intelligence Agency in January 1975; destruction has not been resumed. The prescribed destruction action in the Records Control Schedules will be resumed upon the lifting of the moratorium. Transfer of records to the Agency Archives or the Agency Records Center is being handled routinely during this moratorium according to the current schedules.

6. Further information on this subject will be available to the OMB examiner in the course of the budget review if requested.

INITIATIVE: 5

TITLE: Personnel Management

DEPARTMENT/AGENCY: Central Intelligence Agency

RESPONSIBLE OFFICIAL: James H. Taylor, Comptroller TELEPHONE:

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I. Executive Selection and Development

Identify and train personnel having executive promise; develop incumbent executives.

1. The Central Intelligence Agency already has an Agency-wide executive selection and development system incorporating all the features suggested in the OMB memorandum of July 27, 1976 on Presidential Management Initiatives. This system is known as the Personnel Development Program (PDP)--the Agency's formal approach to planning for employee development and the filling of executive-level vacancies. The five Career Services--that is the groupings of career personnel from the DCI Area and from the four Directorates--prepare PDP's covering their personnel. There are two Sections to the PDP: Section 1 is the Executive-Level Development Plan which is prepared for a three-year period; Section 2 requires the preparation of Development Profiles which provide a framework for career planning below the executive level. Section 1 was first prepared in 1973 and was derived from the Federal Executive Development Program. Section 2 dates from 1975.

2. The report of each Career Service is reviewed by the responsible Associated Deputy Director and Deputy Director and then forwarded to the Director of Personnel. The Office of Personnel consolidates the PDP's from each Career Service into an overall Agency PDP which is forwarded to the DDCI for review. The DDCI then schedules individual meetings with each of the Deputy Directors to review their Personnel Development Programs, with particular emphasis on the lists of candidates for assignment and for development.

--PDP Section 1: Executive-Level Development Plan

- o This includes a listing of all expected vacancies for positions at the GS-15 through GS-17 levels for the next three fiscal years and of candidates qualified for assignment to these vacancies. Two candidates are normally identified for each vacancy.
- o It also includes a listing of those officers in grades GS-13 through GS-15 whose performance has indicated that they have the potential for successful assignment to executive-level positions. The roster provides for a concise outlining of the assignments, experiences and specific training which will prepare each of the officers for increased responsibilities; these are developmental plans tailored for specific individuals.

--PDP Section 2: Developmental Profiles

A. One of the results of the review of the 1978 program in July 1976 was recognition by senior management of the Central Intelligence Agency of the need to have even more precise knowledge of how our present position allocations relate to individual substantive assignments. This has called into question the applicability of the present system of occupational coding.

B. The objective of the inventory is to determine in detail, for each component: (1) relationships between personnel carrying out missions and functions and those performing supervisory, administrative and supporting roles, (2) the number of supervisory echelons overlaying functional components, and (3) the relative distribution of personnel resources to substantive intelligence targets.

<u>Action Step</u>	<u>Milestone</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
Conduct inventory of personnel	Devise questions to be answered by inventory.	30 October 1976	
	Plan implementation of inventory and make tentative work assignments.	15 November 1976	
	Complete directorate inventories.	15 November 1976	Inventories distributed to components 8 November 1976.
	Present preliminary analysis to EAG.	21 December 1976	
Report to DDCI on plans to refine the Occupational Coding System		4 January 1977	
Review inventory for evidence of excessive layering or subdivision	Complete review	15 March 1977	
	Develop recommendations	15 April 1977	
Review personnel classification system in light of inventory results		30 April 1977	
Establish guide-lines for "assistant to" positions	Review inventory to determine current situation.	30 April 1977	
	Develop any necessary new guidelines.	15 June 1977	
Adjust personnel classification system as necessary		30 September 1977	

IV. Productivity Measurement

A. Improve productivity measurements and extend such measurements to functions not presently covered.

1. Numerous productivity measurement systems are in operation throughout CIA; they are constantly being refined.

2. In data processing we measure:

- number of batch jobs per day;
- average turnaround time for batch jobs;
- number of records converted to machine language;
- mean time to failure for each computer system;
- mean time to repair for each system;
- number of requests for computer service completed each month; and
- number of customers (users) being support concurrently on the interactive time-shared computer system.

3. The Office of Communications measures:

- messages handled by the worldwide network (total and man-year; and
- messages processed at Headquarters (total and per-position).

4. Logistics measures:

- number of pieces of mail handled;
- amount of classified trash disposed of;
- number of printing jobs;
- number of printing plates made;
- number of procurement actions processed;
- number of safehouses acquired, terminated, and maintained; and
- number of line items packed and crated.

5. Security maintains productivity data on:



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- information release (handling of requests under the Freedom of Information Act, the Privacy Act and E.O. 11652).

6. We currently plan to extend productivity measurement in 1977 to:

- communications equipment repair and return; and
- cryptographic equipment distribution.

B. The above listing of areas in which productivity measurement is applied within CIA is a sample only; in one form or another, productivity measurement is used throughout the Agency. Of the many other activities on which data are compiled, the following may be of particular interest.

C. The Operations Directorate uses the framework of the Management by Objectives system to measure the quantitative output of the component offices of the Directorate and to assess accomplishment of Directorate-wide objectives. This effort is complemented by regular evaluative processes which provide the qualitative dimension. Specifically, intelligence reports are regularly graded for quality. These data are computerized and then analyzed by reporting priorities that are established for the Directorate in answering the key intelligence questions that drive the national intelligence effort. Accumulation of these data bases allows comparisons of current performance with past performance and helps management plan for future intelligence collection. Further evaluation is provided by regular, systematic gathering of evaluative comments from the customers of intelligence, both inside and outside the Agency. 25X1

E. In the offices that produce finished intelligence, productivity is routinely monitored through a system of quarterly production plans and reviews of contractual actions. These reviews permit focusing research and analysis on those developments requiring the attention of the professional intelligence officer, and they permit a concurrent assessment of the alternative of external assistance for the most economic approach to a given intelligence problem.

F. From time to time, external and internal studies are undertaken to determine if organizational structure and work procedures can be altered to increase productivity and improve efficiency. This is now going on in the DDI, where an internal study of the merits of combining production support components complemented an external contractor's recommendation that organizational realignments of the production offices would increase the quality of their outputs.

G. A final example of productivity measurement is the Agency's exploratory research and development program, which reflects the conscious management decision to apply high technology equipment and procedures to enhance many phases of the intelligence process. Virtually all the research projects involve development of new, better, faster, or easier-to-use equipment, techniques or methods of analytic work. At each step of this process, productivity measures appropriate to the specific task are used to evaluate effectiveness of the R&D product to the intelligence need.

II. It is, of course, in the fields of clandestine activities and substantive intelligence production that productivity measurement must be approached with the greatest care. In these fields, quality criteria are far more important, and more difficult to compile and judge, than quantitative data. Moreover, CIA is constantly involved in preparing for contingencies--contingencies that in many cases will not arise if Agency programs are effective.

I. The development and compilation of productivity data in the Agency is a process that is fully integrated into both budget development and management evaluation and control. In each Directorate, management control during the operating year and development of staffing and budget proposals for future years are carried out concurrently, primarily through periodic reviews of component performance and plans conducted by the Deputy Directors. Given the extreme personnel pressures under which CIA is now operating, productivity measurement data has proved invaluable both for identifying programs of marginal utility that can be considered for elimination and for identifying areas in which rising productivity offers opportunities for reducing staffing levels. The two reviews of DDO reporting referred to above on efficiency evaluations are illustrative of the first type of use. The very substantial reductions in Communications personnel that have been made in the face of the rapid growth of the workload of the communications network over the past several years are a particularly good example of the second kind of use.

V. Employment Ceilings

Take steps to assure adherence to President's employment ceilings.

The system the Central Intelligence Agency uses to administer personnel ceilings is part of the normal budget cycle and starts with letters of financial guidance which the DDCI issues at the start of a fiscal year. Along with apportioning funds for the fiscal year, the DDCI apportions the Agency's personnel ceiling to the DCI Area and to the four directorates that comprise the Agency. During the year, numbers of personnel on duty are monitored monthly by the Resources Staff of the Office of the Comptroller. Data for this purpose are provided by the components through the computerized budget reporting facilities. In addition, the Office of Personnel reports on-duty strength as of the last day of the month just past and projects end of the year positions based on Agency-wide rates of accession and separation. These data provide the background for the Comptroller to weigh requests for increased ceiling as unforeseen requirements for personnel arise. Any decisions to shift positions within the existing ceiling are made at monthly Comptroller's meetings, which are attended by the four deputy directors--each of whom is responsible for personnel management within his directorate. This system has been completely successful.